

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 047118

73

ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /079 R

TX-387

DRAFTED BY BLS:EEMURPHY/TREAS:JMLISTER

APPROVED BY EB/IFD/OMA:GPBALABANIS

TREAS:CSCHOTTA

FRB:EMTRUMAN

CEA: HJUNZ

EUR/RPE:WCLARK

----- 027680

P 262300Z PEB 76

FM SECSTATE WASHDC

TO USMISSION OECD PARIS PRIORITY

LIMITED OFFICIAL USE STATE 047118

E.O. 11652: N/A

TAGS:ECON, EFIN, OECD

SUBJECT:COMMENTS ON DRAFT CHAIRMAN'S REPORT OF TWP EXPERTS
MEETING

REF: STATE 43367

1. DRAFT REPORT CAPTURES SENSE OF MEETING. FOLLOWING
COMMENTS ARE DIRECTED TOWARD SPECIFIC POINTS IN THE DRAFT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 047118

REPORT.

2. TITLE: WE WOULD PREFER DESCRIPTION OF MEETING TO READ
"MEASUREMENT OF MOVEMENT OF PRICES OF OECD EXPORTS TO OPEC"
RATHER THAN "TERMS OF TRADE..."

3. PARAGRAPH 2: THOUGH EFFORTS CALLED FOR IN SECOND
SENTENCE DO TRANSCEND TIME REQUIREMENTS OF DIALOGUE, THEY
DO NOT GO BEYOND SCOPE OF REQUIREMENTS.

4. PARAGRAPH 3: SECOND SENTENCE SEEMS TO REFER TO EXPORT
UNIT VALUE DATA. SUGGEST SECOND SENTENCE READ "OECD EXPORT
UNIT VALUE DATA REFLECT...FINAL COUNTRY DESTINATION, OF
TIME LAGS BETWEEN EXPORT SHIPMENT AND IMPORT RECEIPT, THE

DIFFERENCES BETWEEN F.O.B. AND C.I.F. PRICES, SHIFTS
IN THE COMPOSITION, TERMS OF SALE AND QUALITY OF PRODUCTS
EXPORTED (THE UNIT VALUE BIAS), AND THE VOLATILE
NATURE..."

5. PARAGRAPH 4: SUGGEST THAT FINAL CLAUSE WHICH BEGINS
"ARE BOUND TO BE ..." BE REPLACED BY "PROBABLY WILL BE AN
IMPERFECT SUBSTITUTE FOR SATISFACTORY PRICE INDEXES
FOR ANY INDIVIDUAL OPEC COUNTRY DERIVED FROM ITS UNIT
VALUES OR OTHER SOURCES OF INFORMATION IN THE IMPORTING
COUNTRY."

6. PARAGRAPH 7: IN SECOND SENTENCE SUGGEST THAT FIRST
FOUR WORDS BE REPLACED BY "OVER PERIODS OF 2 TO 3 YEARS
...". ALSO, RELEVANCE OF MEASUREMENT PROBLEM OF DIF-
FERENTIAL MOVEMENT NOTED IN LAST SENTENCE SHOULD BE
ELABORATED FOR TWP.

7. PARAGRAPH 8: IT SEEMS TERM "SPOT PRICES" HAS
BEEN USED IN PLACE OF TERM "UNIT VALUE."

8. PARAGRAPH 9: IN FIRST SENTENCE, "COUNTRIES CONCERNED"
OUGHT TO BE SPECIFIED ; U.S. DID NOT ASSOCIATE ITSELF
WITH THIS STATEMENT. INDEED, IT IS OUR VIEW THAT UNIT
VALUES ARE UNRELIABLE AT EXISTING MAXIMUM LEVELS OF
PRODUCT DISAGGREGATION. REF. CITATION TO BUREAU OF THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 047118

BUDGET REPORT IN CPE/TWP(76)3 P.8. ADDITIONALLY, FIRST
SENTENCE MAY IMPLY USEFULNESS OF CALCULATING REGIONAL
UNIT VALUES AND COMBINING THEM WITH REGIONAL WEIGHTS,
ALTHOUGH QUESTIONS WERE RAISED IN MEETING ABOUT RELI-
ABILITY OF RESULTING INDEXES.

9. PARAGRAPH 10 (PART WHICH APPEARS ON PAGE 3 OF DRAFT):
FOLLOWING COMMENTS ARE IN ORDER:

(A) QUALITY CHANGE: IMPORTANT ASPECT OF PRICE IN RELATION TO UNIT VALUE DATA IS EXTENT TO WHICH PROBLEMS OF EACH ARE AMENABLE TO SOLUTION. FOR EXAMPLE, WITH RESPECT TO PRICE INDEXES, ADJUSTMENTS CAN BE MADE FOR QUALITY CHANGE BASED ON COLLECTED INFORMATION. WHILE THESE ADJUSTMENTS ARE NOT ALWAYS EASILY MADE, THE PROBLEM HERE MUST BE CONTRASTED WITH THAT OF UNIT VALUE INDEXES WHERE SUCH ADJUSTMENTS IN MOST CASES CANNOT BE MADE EXCEPT IN MECHANICAL AD-HOC FASHION AS DESCRIBED IN THE MEETING AND IN PUBLISHED METHODOLOGIES FOR SOME COUNTRIES' UNIT VALUE INDEXES.

(B) SAMPLE: REPRESENTATIVES OF PRODUCT SAMPLES IS AN IMPORTANT ISSUE AS REGARDS TRADE WITH OPEC SINCE ALL PRESENT EXPORT PRICE INDEX SAMPLES ARE JUDGMENTAL AND ARE CONSTRUCTED TO REPRESENT EXPORTS TO THE WORLD, ALTHOUGH FOR GERMANY REGIONAL INDEXES ALSO ARE CONTRUCTED. HOWEVER, REPRESENTATIVENESS OF SAMPLE CAN ALSO BE PROBLEM FOR UNIT VALUE INDEXES SINCE SAMPLE FOR WHICH UNIT VALUES ARE CONSTRUCTED IS ARRIVED AT ON RESIDUAL BASIS. THIS IS A PROBLEM NOT ONLY FOR U.S. BUT ALSO FOR SOME OTHER COUNTRIES.

(C) TIME AND COST: WITH REGARD TO TIME AND COST NECESSARY TO ACHIEVE ADEQUATE COVERAGE IN A PRICE INDEX, IT MUST BE CONCEDED THAT THIS IS A FUNCTION OF THE AMOUNT OF PUBLISHED DETAIL WHICH IS DESIRED. TIME AND COST NEED NOT BE CONSIDERABLE IF LITTLE OR NO DETAIL IS REQUIRED.

(D) LASPEYRES INDEXES: THE PROBLEM OF THE AGEING OF LASPEYRES INDEXES IS SOMEWHAT REDUCED BY 5 YEAR REVISION CYCLE IN SOME COUNTRIES. IN REGARD TO AGEING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 047118

OF WEIGHTS, MOST COUNTRIES PUBLISH EXPORT VALUES BY DETAILED COMMODITY CLASSIFICATIONS ON A MONTHLY BASIS. SINCE THESE ARE AVAILABLE ON COMPUTER TAPES, THERE IS NOT ANY REASON WHY EXPORT PRICE INDEX WEIGHTS CANNOT BE REVISED AS FREQUENTLY AS NEEDED.

10. PARAGRAPH 12: WITH RESPECT TO FIRST SENTENCE, WE RECALL OBSERVATION MADE AT THE MEETING THAT BOTH PRICE AND UNIT VALUE INDEXES ARE BASED ON UNPUBLISHED CONFIDENTIAL DATA, AND THAT IT IS NOT POSSIBLE TO CHECK RESULTS BASED UPON THOSE DATA. WITH RESPECT TO SECOND SENTENCE UNIT VALUES COULD BE CALCULATED ON A REGIONAL BASIS AND WEIGHTED BY THEIR SHARE OF EXPORTS TO OPEC COUNTRIES, ALTHOUGH MANY DELEGATES EXPRESSED RESERVATIONS ABOUT SUCH A PROCEDURE.

11. PARAGRAPH 18: SUGGEST DELETE "EXTREMELY" AND ADD
SMALL SAMPLES "FOR MANY PRODUCT CATEGORIES" AFTER "SMALL
SAMPLES".

12. PARAGRAPH 19: IN FOURTH SENTENCE SUGGEST DELETE WORD
"WAS" AND REPLACE IT WITH "COULD BE".

13. PARAGRAPH 23: RE SECOND SENTENCE, IT IS OUR UNDER-
STANDING THAT EXPANDED ANALYSIS WILL INCLUDE CALCULATIONS
BASED ON EXPORT PRICE INDEXES. INGERSOLL

LIMITED OFFICIAL USE

NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE047118
Document Source: CORE
Document Unique ID: 00
Drafter: EEMURPHY/TREAS:JMLISTER
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: D760073-0376
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760296/aaaagdwg.tel
Line Count: 183
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 43367
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 20 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 APR 2004 by greeneet>; APPROVED <07 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 970919
Subject: OMMMENTS ON DRAFT CHAIRMAN'S REPORT OF TWP EXPERTS MEETING
TAGS: ECON, EFIN, FR, OECD
To: OECD PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006